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Kingwisoft Technology Group Company Limited

金慧科技集團股份有限公司

(formerly known as ZZ Technology Group Company Limited 中植科技集團股份有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08295)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024 AND CANCELLATION OF THE POSITION OF COMPLIANCE OFFICER

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of Kingwisoft Technology Group Company Limited 金慧科技集團股份有限公司 (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue of approximately RMB1,240.9 million for the Year (2023: approximately RMB888.6 million), representing 39.6% increase as compared to that of last financial year.
- Loss attributable to owners of the Company for the Year was approximately RMB197.4 million, whereas the Group recorded a loss attributable to owners of the Company of approximately RMB230.3 million (restated) for the last financial year.
- Basic losses per share for the Year was approximately RMB4.13 cent (2023: basic losses per share of approximately RMB5.03 cent (restated)).
- The Board does not recommend payment of a dividend for the Year (2023: Nil).

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Kingwisoft Technology Group Company Limited 金慧科技集團股份有限公司 (formerly known as ZZ Technology Group Company Limited 中植科技集團股份有限公司) (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2024 (the “Year”), together with the relevant comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
REVENUE	4	1,240,904	888,622
Cost of services		(1,113,027)	(767,384)
Gross profit		127,877	121,238
Other income and gains	5	74,518	160,801
Marketing expenses		(8,389)	(5,876)
Research and development expenses		(43,572)	(36,394)
Administrative expenses		(79,609)	(85,681)
Impairment loss of goodwill		(224,838)	(349,385)
Impairment losses on financial assets, net		(19,020)	(17,293)
Gain on recovery of accounts receivable written-off		21	1,497
Other expenses and losses		(1,896)	(380)
Finance costs	6	(24,310)	(25,471)
Share of loss of an associate		(699)	(12)
LOSS BEFORE TAX	7	(199,917)	(236,956)
Income tax credit/(expense)	8	(5,030)	739
LOSS FOR THE YEAR		(204,947)	(236,217)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of subsidiaries not established in Chinese Mainland	251	3,636
Deregistration of subsidiaries not established in Chinese Mainland	122	–
	<u>373</u>	<u>3,636</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		
	<u>373</u>	<u>3,636</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Fair value loss on equity investments designated at fair value through other comprehensive income	–	(15,264)
	<u>–</u>	<u>(15,264)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		
	<u>–</u>	<u>(15,264)</u>
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR, NET OF TAX		
	<u>373</u>	<u>(11,628)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		
	<u>(204,574)</u>	<u>(247,845)</u>

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i> (Restated)
Loss for the year attributable to:			
Owners of the Company		(197,382)	(230,329)
Non-controlling interests		<u>(7,565)</u>	<u>(5,888)</u>
		<u>(204,947)</u>	<u>(236,217)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(197,009)	(241,957)
Non-controlling interests		<u>(7,565)</u>	<u>(5,888)</u>
		<u>(204,574)</u>	<u>(247,845)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (RMB cents)	<i>10</i>	<u>(4.13)</u>	<u>(5.03)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2024

	31 March 2024	31 March 2023	1 April 2022
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)	(Restated)
NON-CURRENT ASSETS			
Property and equipment	94,313	95,517	70,501
Investment properties	12,020	–	–
Right-of-use assets	68,819	52,916	42,370
Goodwill	56,742	281,580	581,824
Other intangible assets	162,143	180,121	184,076
Investment in an associate	27,652	–	5,983
Equity investments designated at fair value through other comprehensive income	–	300	15,564
Contingent consideration	–	8,459	–
Prepayments, other receivables and other assets	3,750	7,542	672
Deferred tax assets	15,083	13,672	11,870
Total non-current assets	440,522	640,107	912,860
CURRENT ASSETS			
Inventories	24	30	1,377
Accounts receivable	668,208	599,312	485,259
Prepayments, other receivables and other assets	77,881	80,516	88,630
Financial assets at fair value through profit or loss	4,812	11,068	4,880
Prepaid tax	414	433	–
Restricted cash	594	–	–
Pledged deposits	3,157	3,057	–
Cash and cash equivalents	82,673	163,697	86,047
Total current assets	837,763	858,113	666,193

		31 March	31 March	1 April
		2024	2023	2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Restated)	(Restated)
CURRENT LIABILITIES				
Accounts payable	12	28,639	11,517	11,346
Other payables and accruals		103,368	105,220	59,522
Contract liabilities		1,029	845	3,252
Consideration payables		28,038	28,519	70,000
Interest-bearing bank and other borrowings	13	198,044	68,500	140,779
Lease liabilities		22,448	23,098	20,962
Tax payable		6,412	1,716	8,306
		<u>387,978</u>	<u>239,415</u>	<u>314,167</u>
Total current liabilities				
		<u>449,785</u>	<u>618,698</u>	<u>352,026</u>
NET CURRENT ASSETS				
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>890,307</u>	<u>1,258,805</u>	<u>1,264,886</u>
NON-CURRENT LIABILITIES				
Other payables and accruals		1,147	1,275	–
Consideration payables		–	5,255	129,499
Interest-bearing bank and other borrowings	13	–	177,144	–
Lease liabilities		45,020	25,324	17,986
Deferred tax liabilities		23,449	24,530	26,525
		<u>69,616</u>	<u>233,528</u>	<u>174,010</u>
Total non-current liabilities				
		<u>820,691</u>	<u>1,025,277</u>	<u>1,090,876</u>
Net assets				

		31 March 2024	31 March 2023	1 April 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Restated)	(Restated)
EQUITY				
Equity attributable to owners of the Company				
Share capital	14	40,442	40,442	35,395
Reserves		776,159	973,168	1,035,347
		816,601	1,013,610	1,070,742
Non-controlling interests		4,090	11,667	20,134
Total equity		820,691	1,025,277	1,090,876

NOTES TO FINANCIAL STATEMENTS

31 March 2024

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, equity investments at fair value through other comprehensive income, financial assets at fair value through profit or loss and contingent consideration, which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 April 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets at 1 April 2022, with cumulative effect recognised as an adjustment to the balances of retained profits/accumulated losses and non-controlling interests at that date. The quantitative impact on the financial statements is summarised below.

Impact on the consolidated statement of financial position:

	Increase/(decrease)		
	As at	As at	As at
	31 March	31 March	1 April
	2024	2023	2022
	RMB'000	RMB'000	RMB'000
Liabilities			
Deferred tax liabilities*	<u>102</u>	<u>580</u>	<u>377</u>
Total non-current liabilities	<u>102</u>	<u>580</u>	<u>377</u>
Total liabilities	<u><u>102</u></u>	<u><u>580</u></u>	<u><u>377</u></u>
Net assets	<u><u>(102)</u></u>	<u><u>(580)</u></u>	<u><u>(377)</u></u>
Equity			
Retained profits (included in reserves)	–	–	(363)
Accumulated losses (included in reserves)	<u>97</u>	<u>556</u>	<u>–</u>
Equity attributable to owners of the Company	<u>(97)</u>	<u>(556)</u>	<u>(363)</u>
Non-controlling interests	<u>(5)</u>	<u>(24)</u>	<u>(14)</u>
Total equity	<u><u>(102)</u></u>	<u><u>(580)</u></u>	<u><u>(377)</u></u>

* The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Impact on the consolidated statement of profit or loss:

	Increase/(decrease)	
	For the year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Income tax expense	(478)	–
Income tax credit	–	(203)
Loss for the year	(478)	203
	<u> </u>	<u> </u>
Loss for the year attributable to:		
Owners of the Company	(460)	193
Non-controlling interests	(18)	10
	<u> </u>	<u> </u>
	(478)	203
	<u> </u>	<u> </u>
Total comprehensive loss for the year attributable to:		
Owners of the Company	(460)	193
Non-controlling interests	(18)	10
	<u> </u>	<u> </u>
	(478)	203
	<u> </u>	<u> </u>

The adoption of amendments to HKAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the Company, other comprehensive income and the consolidated statements of cash flows for the years ended 31 March 2024 and 2023.

- (d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

The Group is primarily engaged in the provision of value-added telecommunications and related services, including back-office services, comprehensive marketing and agency services and data centre services. Given that the chief operating decision maker of the Company considers that the Group's business is operated and managed as a single segment, no further segment information is presented.

Geographical information

(a) Revenue from external customers

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Chinese Mainland	<u>1,240,904</u>	<u>888,622</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Chinese Mainland	420,802	611,086
Hong Kong	<u>887</u>	<u>2,337</u>
Total	<u>421,689</u>	<u>613,423</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

During the year, revenues from transactions with single external customers (including entities under common control with those customers) amounting to 10% or more of the Group's revenues are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	414,628	262,828
Customer B	<u>283,693</u>	<u>203,502</u>

4. REVENUE

An analysis of the Group's revenue from contracts with customers arising from the value-added telecommunication and related services is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Back-office services:		
Provision of customer service solutions	1,185,861	835,634
Set up of contact service system and centres	91	1,340
	<hr/>	<hr/>
Subtotal	1,185,952	836,974
Comprehensive marketing and agency services	32,585	26,135
Data centre services	22,367	25,513
	<hr/>	<hr/>
Total revenue	<u>1,240,904</u>	<u>888,622</u>

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Over time	1,240,813	887,282
At a point in time	91	1,340
	<hr/>	<hr/>
Total revenue	<u>1,240,904</u>	<u>888,622</u>

5. OTHER INCOME AND GAINS

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Investment return from financial assets at fair value through profit or loss, net		
Fair value losses	(2,575)	(1,441)
Dividend income	58	67
Interest income		
Bank interest income	923	930
Other interest income	334	1,607
Fair value gain/(loss) on contingent consideration	(27,623)	110,371
Fair value gain on investment properties	7,957	–
Government grants [#]	35,649	26,482
Value-added tax (“VAT”) refund [^]	2,446	4,179
Gain on disposal of a subsidiary	52,269	–
Foreign exchange differences, net	4,658	525
Gain on derecognition of financial liabilities measured at amortised cost	–	15,926
Gain on early termination of leases	–	335
Gain on disposal of an associate	–	1,623
Others	422	197
	<hr/>	<hr/>
Total other income and gains	<u>74,518</u>	<u>160,801</u>

Government grants mainly represented incentives received for investments in certain regions in Chinese Mainland in which the Company's subsidiaries operate, employment subsidies and other tax incentives. There are no unfulfilled conditions or contingencies relating to these grants.

^ *Value-added tax refund mainly attributable to the Value-Added Tax Policy for Software Products (Cai Shui 2011 No. 100), in which for sale of self-developed software products by a general VAT tax payer, after VAT is levied at a tax rate of 17%, the refund-upon-collection policy shall be applied and the portion of the actual VAT burden that is in excess of 3% shall be refunded; and the Tax Policy for Further Supporting and Promoting Entrepreneurship and Employment of Focus Group (Cai Shui 2019 No. 22), in which value-added tax deduction is granted for entering into employment contracts with the focus group.*

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2024	2023
	RMB'000	RMB'000
Interest on lease liabilities	2,900	2,020
Interest on consideration payables	3,619	6,187
Interest on bank borrowings	1,891	2,399
Interest on other borrowings	15,900	14,865
	<hr/>	<hr/>
Total	24,310	25,471
	<hr/> <hr/>	<hr/> <hr/>

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2024	2023
	RMB'000	RMB'000
Depreciation of property and equipment	39,636	28,275
Less: Amount capitalised	(412)	(193)
Total	39,224	28,082
Depreciation of right-of-use assets	30,593	24,871
Amortisation of other intangible assets included in		
Cost of services	10,745	7,971
Administrative expenses	17,492	17,491
Total	28,237	25,462
Impairment loss on goodwill	224,838	349,385
Impairment losses on financial assets, net		
Accounts receivable	5,953	3,558
Other receivables	13,067	13,735
Total	19,020	17,293
Loss on disposal of property and equipment*	386	64
Loss on early termination of leases*	38	–
Lease payments not included in the measurement of		
lease liabilities	11,103	2,398
Auditor's remuneration	3,808	3,677
Employee benefit expense (including directors' and chief		
executive's remuneration)		
Wages, salaries and other social benefits	736,940	496,961
Pension scheme contributions^	69,620	49,274
Termination benefits	2,764	13,623
Less: Amount capitalised	(8,103)	(10,763)
Total	801,221	549,095

* It is included in "Other expenses and losses" in profit or loss.

^ There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. INCOME TAX

Pursuant to the Corporate Income Tax Law of the People’s Republic of China (the “PRC”) and the respective regulations, the Group’s entities which operate in Chinese Mainland are subject to corporate income tax (“CIT”) at a rate of 25% (2023: 25%) on the taxable income, except for certain subsidiaries which were entitled to a preferential tax rate of 15% (2023: 15%) because they were accredited as “High and New Technology Enterprises” and certain subsidiaries which were entitled to a preferential tax rate of 5% (2023: 5%) of the taxable income between RMB1,000,000 and RMB3,000,000 because they were regarded as “small-scaled minimal profit enterprises”, one of the criteria of which is with annual taxable income no more than RMB3,000,000 during the corresponding year. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil).

	2024 <i>RMB’000</i>	2023 <i>RMB’000</i> (Restated)
Current tax — Chinese Mainland		
Charge for the year	8,297	4,971
Overprovision in prior years	(503)	(1,913)
	7,794	3,058
Deferred	(2,764)	(3,797)
Total tax charge/(credit) for the year	<u>5,030</u>	<u>(739)</u>

The share of tax attributable to an associate amounting to RMB3,000 (2023: Nil) is included in “Share of loss of an associate” in profit or loss.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss (2023: loss) per share amount is based on the loss (2023: loss) for the year attributable to owners, i.e., ordinary equity holders, of the Company of RMB197,382,000 (2023: RMB230,329,000 (restated)), and the weighted average number of ordinary shares of 4,776,019,590 in issue during the year (2023: 4,578,040,138).

No adjustment has been made to the basic loss (2023: loss) per share amount presented for the year ended 31 March 2024 in respect of a dilution because the Group had no potentially dilutive ordinary shares in issue during the year ended 31 March 2024 (2023: Nil).

The calculations of basic and diluted loss per share are based on:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Loss		
Loss attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculation	<u>197,382</u>	<u>230,329</u>
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>4,776,019,590</u>	<u>4,578,040,138</u>

11. ACCOUNTS RECEIVABLE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Accounts receivable	680,710	605,941
Impairment	<u>(12,502)</u>	<u>(6,629)</u>
Net carrying amount	<u><u>668,208</u></u>	<u><u>599,312</u></u>

The Group generally allows a credit period of within three months to its customers upon issuance of customer billings. The directors of the Company are of the view that there have been no significant increase in credit risk of default because the amounts are from customers with good credit rating and continuous repayment. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the date of services rendered and net of loss allowance for impairment, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 60 days	204,455	233,016
61 to 120 days	178,874	134,923
121 to 180 days	56,900	61,860
Over 180 days	<u>227,979</u>	<u>169,513</u>
Total	<u><u>668,208</u></u>	<u><u>599,312</u></u>

As at 31 March 2024, there were no accounts receivable (2023: RMB250,000,000) pledged as security for the Group's bank loans.

The movements in the loss allowance for impairment of accounts receivable are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At beginning of the reporting period	6,629	3,071
Impairment losses, net (<i>note 7</i>)	5,953	3,558
Disposal of a subsidiary	<u>(80)</u>	<u>–</u>
At end of the reporting period	<u><u>12,502</u></u>	<u><u>6,629</u></u>

12. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the date of service received, is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	7,487	5,320
61 to 120 days	11,648	3,009
121 to 180 days	826	133
Over 180 days	8,678	3,055
	<u>28,639</u>	<u>11,517</u>
Total	<u>28,639</u>	<u>11,517</u>

The average credit period on accounts payable is 30 days. The accounts payable are non-interest-bearing.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings repayable:		
Within one year	<u>5,000</u>	<u>68,500</u>
Other borrowings repayable:		
Within one year	193,044	–
In the second year	<u>–</u>	<u>177,144</u>
Subtotal	<u>193,044</u>	<u>177,144</u>
Total	<u>198,044</u>	<u>245,644</u>
Analysed into:		
Current liabilities	198,044	68,500
Non-current liabilities	<u>–</u>	<u>177,144</u>

The Group's bank borrowings at 31 March 2024 were interest-bearing at fixed rate at 3.6% (2023: 4.35% to 4.65%) per annum. The Group's bank borrowings at 31 March 2023 were secured by certain accounts receivable of the Group amounting to RMB250,000,000 and the personal guarantees of RMB60,000,000 provided by a director and his spouse of a subsidiary of the Company.

The Group's other borrowings at 31 March 2024 were due to a related company which is an entity indirectly controlled by the Company's ultimate beneficial owner, of which principal amounts of RMB60,000,000 (2023: RMB60,000,000) and RMB70,000,000 (2023: RMB70,000,000) were interest-bearing at fixed rates of 12.0% and 12.0%, respectively, per annum, unsecured and due to mature on 31 March 2025 (2023: 12.0% and 13.5%, respectively, per annum, unsecured and due to mature on 31 March 2025), and a principal amount of RMB27,000,000 (2023: RMB27,000,000) was interest-free, unsecured and due to mature on 31 March 2025 (2023: interest-free, unsecured and due to mature on 31 March 2025).

14. SHARE CAPITAL

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Authorised:		
10,000,000,000 (2023: 10,000,000,000) ordinary shares of HK\$0.01 each	<u>87,661</u>	<u>87,661</u>
Issued and fully-paid:		
4,776,019,590 (2023: 4,776,019,590) ordinary shares of HK\$0.01 each	<u>40,442</u>	<u>40,442</u>

A summary of movements in the share capital and share premium account is as follows:

	Number of shares in issue <i>RMB'000</i>	Share capital <i>RMB'000</i>	Share premium account <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 April 2022	4,188,519,590	35,395	944,878	980,273
Issue of shares	587,500,000	5,047	196,837	201,884
Share issue expenses	—	—	(16,638)	(16,638)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2023, 1 April 2023 and 31 March 2024	<u>4,776,019,590</u>	<u>40,442</u>	<u>1,125,077</u>	<u>1,165,519</u>

On 15 July 2022 (after trading hours), the Company entered into subscription agreements with two subscribers pursuant to which the subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 587,500,000 subscription shares at a price of HK\$0.4 per subscription share. The share subscription transactions were completed on 2 August 2022.

The ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 9 August 2024 to Wednesday, 14 August 2024 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company (the “AGM”). During which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Hong Kong Branch Share Registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Year, the Group completed the following main disposal:

As disclosed in the announcement of the Company dated 27 February 2024, Kingwisoft Technology Co., Ltd.* (金慧融智科技有限公司), a company incorporated in the PRC with limited liability, which is regarded as a wholly-owned subsidiary of the Company (the “Vendor”), entered into an equity transfer agreement with Hainan Zhicheng Investment Partnership (Limited Partnership)* (海南智程投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC (the “Purchaser”), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire the 51% equity interest in Chengdu ThinkMore Technology Co., Ltd.* (成都融智互動科技有限公司) (the “Target Company”), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Vendor, at a total consideration of RMB30,600,000. Please refer to the announcements of the Company dated 27 February 2024 and 29 February 2024 for details. The equity registration for this transaction was completed on 6 March 2024. The Vendor should pay the remaining consideration within one year

* For identification purposes only

from the effective date of the agreement in accordance with the agreement. Since then the Group's equity interest in the Target Company reduced from 100% to 49% and the Target Company became an associate of the Company.

Save as aforementioned, the Group had no significant disposals held, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Year.

Profit Guarantee

As disclosed in the announcement dated 10 September 2020 and the circular dated 18 September 2020 (the "Circular") published by the Company, it entered into a share purchase deed on 10 September 2020 (the "Share Purchase Deed") with regard to the acquisition of the entire issued capital of KingNine Holdings Limited ("KingNine") (the "Acquisition"). The Company entered into the supplemental deed in July 2023 with Founders SPV NINEGO Corporation, Founders Mr. Hu Shilong, Ms. Liu Yingying and other parties to change the payer of any compensation in relation to the non-fulfillment of profit guarantee from Founders to Founders SPV NINEGO Corporation. Unless otherwise defined herein, all capitalized terms used in this announcement shall have same meanings as those defined in the Circular.

Founders SPV has undertaken to the Company pursuant to the Share Purchase Deed that the audited consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS for any given profit guarantee period would not be less than the guaranteed profit in respect of such profit guarantee period. The Company has undertaken to Founders that subject to the compliance of all applicable laws and regulations (including the GEM Listing Rules and the directors' fiduciary duties and duties of skill, care and diligence), it would use reasonable endeavours to procure the directors of DaLian Kingwisoft nominated by it to act in the interests of the Group as a whole during the entire profit guarantee period.

In respect of the Guarantee Period commenced on 1 April 2019 and ended on 31 March 2020, the audited consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS was approximately RMB65.3 million, and is more than the Guaranteed Profit in respect of this Guarantee Period (i.e. RMB60 million). In respect of the Guarantee Period commenced on 1 April 2020 and ended on 31 March 2021, the audited consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS was approximately RMB93.6 million, and is more than the Guaranteed Profit in respect of this Guarantee Period (i.e. RMB90 million). In respect of the Guarantee Period commenced on 1 April 2021 and ended on 31 March 2022, the audited consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS was approximately RMB134.3 million, and is more than the Guaranteed Profit in respect of this Guarantee Period (i.e. RMB120 million). In respect of the Guarantee Period commenced on 1 April 2022 and ended on 31 March 2023, the audited consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS was approximately RMB94.8 million, and is less than the Guaranteed Profit in respect of this Guarantee Period (i.e. RMB150 million). According to the Share Purchase Deed, the Founders SPV shall compensate the Company the Shortfall in cash (the “First Compensation”) in accordance with the formula set out in the Share Purchase Deed. The First Compensation for the year ended 31 March 2023 was approximately RMB41.5 million. In respect of the Guarantee Period commenced on 1 April 2023 and ended on 31 March 2024, the audited consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS was approximately RMB148.2 million, and is less than the Guaranteed Profit in respect of this Guarantee Period (i.e. RMB180 million). According to the Share Purchase Deed, the Founders SPV shall compensate the Company the Shortfall in cash (the “Second Compensation”) in accordance with the formula set out in the Share Purchase Deed. The Second Compensation for the Year was approximately RMB41.3 million.

Business Review

In 2023, there was a gradual economic recovery amidst a mix of challenges and hope. This year, complex and volatile global situations as well as other factors brought pressure and challenges to business activities. Meanwhile, the accelerated emergence of new technologies and iterative algorithm drove the business sector to a new stage of

development, where the rapid development and application of cutting-edge technologies, such as artificial intelligence, digital human, and large model, have brought new opportunities to create new growth for enterprises and industries. In the face of the fast-changing macro-environmental market, the Group has always insisted on improving customer satisfaction and the healthy and sustainable development of its business, continuing to tap into the field of enterprise services, expanding new service scenarios, and consolidating its leading edge in the industry. The Group has also endeavoured to embrace the cutting-edge technologies such as AI with continuous efforts on innovation and application of technologies to provide customers with professional services. The Group aims to ensure the smooth operation of its business and the growth of its operating revenue.

The Group generated revenue of approximately RMB1,240.9 million for the financial year ended 31 March 2024, an increase of 39.6% over the same period last year. In particular, revenue from backoffice services was approximately RMB1,186.0 million, accounting for 95.6% of our total revenue. Insisting on innovation is the longterm strategy of the Group. With the changes in consumer habits and behaviours brought about by the recovery, the innovative business has continued to improve.

During the reporting period, we continued to strengthen and broaden our business relationships with leading clients in the fields of Internet mobility, finance and securities, e-commerce, and live streaming services. Our top five clients remain fairly stable. Furthermore, in terms of new customers and new business development, we have acquired a number of customers in the field of Internet marketing services by deepening the incremental market of the whole industry. The Group's companies were listed in the "2023 Leading Chinese Digital Services and Service Outsourcing Enterprise (Customer Centre)", "Top 100 Chinese Service Brands" at the 2023 China Customer Service Festival, and won "2023 Dalian Top Ten Digital Service Enterprises" and "The Second Prize for Innovation Fruits of Enterprises Management" of Liaoning province and other honors.

The Group, which has always adhered to independent innovation and research and development, focuses on the innovation in artificial intelligence and big data technologies and their integration with and application in business scenarios, with positive results achieved. The developed business scenarios cover customer service business systems, digital operation and talent management, training and practice, as well as merchant and quality and performance management tools in the field of digital marketing. During the reporting period, with quality professional services and leading innovation capability, the Group's companies obtained 37 new software copyrights closely related to the Group's business, and cumulatively obtained 3 invention patents and 270 software copyrights, among which, the intelligent customer service software products were selected as part of the "Panorama of High-quality Digital Transformation Products and Services" by China Academy of Information and Communications Technology (CAICT). The Group's companies have been awarded a number of honours such as "2023 Dalian Leading Enterprise in Software and Information Technology Service Industry", and its technology research and development centre has been accredited as Dalian Enterprise Technology Centre, Dalian Intelligent Customer Service Technology Innovation Centre, and selected as Liaoning Digital Transformation Promotion Centre, which signifies that the Group's continuous research and development of technological scenarios and its service capability of assisting in the digital transformation of enterprises are entering into a brand-new stage.

In addition, during the reporting period, the Group built and reconstructed a number of self-operated contact service centres in places such as Dalian, Shenyang, Chengdu, Suining, etc. The total number of completed workstations in the 46 self-operated contact service centres increased to 18,794. The Group has developed a capability that serves a multi-dimensional and three-dimensional network covering tier 1 to tier 4 cities and is able to fully satisfy the Company's business requirements in new service scenarios.

Financial Review

Results of the Group

The Group recorded a revenue of approximately RMB1,240.9 million for the Year (2023: approximately RMB888.6 million), representing 39.6% increase as compared to that of last financial year.

An analysis of the Group’s revenue from contracts with customers arising from the value-added telecommunication and related services is as follows:

	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
Back-office services:		
Provision of customer service solutions	1,185,861	835,634
Set up of contact service systems and centres	91	1,340
	1,185,952	836,974
Comprehensive marketing and agency services	32,585	26,135
Data centre services	22,367	25,513
	<u>1,240,904</u>	<u>888,622</u>

During the Year, the Group incurred cost of services of approximately RMB1,113.0 million (2023: approximately RMB767.4 million which primarily consisted of staff costs, subcontracting fees, rental expenses, depreciation and amortisation. The increase in cost of services was mainly attributable to the Group’s increased revenue as well as the higher costs in the above major items as certain new contact service centres yet to reach their optimal operating scale within the planned timeframe.

Net other income and gains for the Year was approximately RMB74.5 million (2023: approximately RMB160.8 million). Such decrease was mainly attributable to the fair value gain of approximately RMB110.4 million on contingent consideration recognised by the Group in the previous financial year as compared to the fair value loss of approximately RMB27.6 million on contingent consideration recognised for the Year. The Group recognised a gain of approximately RMB52,300,000 (2023: Nil) on disposal of 51% equity interest in Chengdu ThinkMore Technology Co., Ltd. during the year.

Based on the assessment by the Company’s management of the latest available information and the overall economic environment, the Group recognised a non-cash impairment loss on goodwill of the cash-generating unit (“CGU”) of KingNine Group of approximately RMB224.8 million (2023: RMB349.4 million). The impairment loss on goodwill is a non-cash item and does not have an impact on the Group’s cash flows.

During the Year, the Group recorded net impairment losses on financial assets of approximately RMB19.0 million (2023: approximately RMB17.3 million) for the provision of expected credit loss on accounts and other receivables.

The Group incurred marketing, research and development expenses of approximately RMB52.0 million (2023: approximately RMB42.3 million) in aggregate during the Year. Administrative expenses for the Year was approximately RMB79.6 million (2023: approximately RMB85.7 million).

During the Year, the Group incurred finance costs of approximately RMB24.3 million (2023: approximately RMB25.5 million) which mainly consisted of interests on consideration payable arising from the acquisition of KingNine Group, bank and other borrowings and lease liabilities.

The Group's income tax expense for the Year was approximately RMB5.0 million (2023: income tax credit of approximately RMB0.7 million (restated)) which mainly consisted of provision of PRC Enterprise Income Tax of approximately RMB8.3 million (2023: approximately RMB5.0 million), offset by an overprovision in prior period of approximately RMB0.5 million (2023: approximately RMB1.9 million) and deferred tax credit of approximately RMB2.8 million (2023: RMB3.8 million (restated)).

Loss attributable to owners of the Company for the Year was approximately RMB197.4 million, whereas the Group recorded a loss attributable to owners of the Company of approximately RMB230.3 million (restated) for the last financial year.

Basic losses per share for the Year was approximately RMB4.13 cent (2023: basic losses per share of approximately RMB5.03 cent (restated)), while diluted losses per share for the Year was the same as basic losses per share of approximately RMB4.13 cent (2023: diluted losses per share of approximately RMB5.03 cent (restated)).

The total assets of the Group as at 31 March 2024 decreased by approximately RMB219.9 million to approximately RMB1,278.3 million as compared with that of approximately RMB1,498.2 million as at 31 March 2023. The total liabilities of the Group as at 31 March 2024 decreased by approximately RMB15.3 million to approximately RMB457.6 million as compared with that of approximately RMB472.9 million (restated) as at 31 March 2023. Net assets as at 31 March 2024 was approximately RMB820.7 million (31 March 2023: approximately RMB1,025.3 million (restated)).

Capital Structure, liquidity and financial resources

The Board monitors the Group's capital structure by reviewing its cash flow requirements and considering its future financial obligations and commitments.

The Group's operation and investments were financed by internal resources, interest-bearing bank and other borrowings as well as the proceeds arising from the subscriptions of new shares of the Company during the Year.

As at 31 March 2024, aggregate of cash and bank balances, restricted cash and pledged bank deposits of the Group amounted to approximately RMB86.4 million (2023: approximately RMB166.8 million), which were mainly denominated in Hong Kong dollar and Renminbi ("RMB").

As at 31 March 2024, the Group had interest-bearing bank and other borrowings of approximately RMB198.0 million (2023: approximately RMB245.6 million), which were mainly denominated in RMB. All interest-bearing bank and other borrowings for the Year are repayable within one year (2023: approximately RMB68.5 million).

As at 31 March 2024, the Group had a current ratio of 2.2 and a gearing ratio of 24.1% (2023:3.6 and 24.0%, respectively). The gearing ratio is computed by dividing the Group's interest-bearing bank and other borrowings of approximately RMB198 million (2023: approximately RMB245.6 million) by the Group's equity of approximately RMB820.7 million (2023: approximately RMB1,025.3 million (restated)).

For foreign currency risk, the Group will continue to monitor its foreign currency exposure and will consider using hedging instruments if available in respect of significant foreign currency exposure should the need arise.

Commitments

The Group and the Company did not have any significant commitment as at 31 March 2024 and 2023.

Charge on the Group's assets

As at 31 March 2024, there were no interest-bearing bank and other borrowings of the Group secured by any assets.

Employees and remuneration policies

As of 31 March 2024, the Group had 13,446 employees including Directors (2023: 11,755 employees). Total staff cost (including Directors' emoluments) for the Year amounted to approximately RMB809.3 million. Employees' remuneration packages are decided based on their job responsibilities, local market benchmarks and industry trends. Employee discretionary bonus is distributable according to the performance of the respective subsidiaries and employees concerned.

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors and senior management of the Company with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

Contingent liabilities

As at 31 March 2024, the Group had no material contingent liabilities (2023: Nil).

Future plans for material investments or capital assets

The Group will focus on premium corporate clients in the Internet and finance sectors to diversify its categories of services and strengthen our customers' stickiness, which in turn help the Group to generate economies of scale and gain more market share.

The Group will look into our business development and consider acquiring or investing in relevant assets which form synergistic effects with our principal business as and when appropriate. Through the acquisition and investment, the Group can expand its services categories and premium customer base and strengthen our capability in research and development, which in turn identify and meet demands from customers in a view to raise our core competitiveness and profitability.

Subscriptions of New Shares

On 15 July 2022 (after trading hours), the Company entered into subscription agreements with Gfly Ltd. and Glink Resources Limited respectively, pursuant to which Gfly Ltd. and Glink Resources Limited have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 587,500,000 ordinary share(s) of par value of HK\$0.01 each in the capital of the Company (the “Subscription Shares”, each a “Subscription Share”) at a price of HK\$0.4 per Subscription Share (the “Subscriptions”). Gfly Ltd. is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. It is ultimately owned by Mr. Lyu Wenyang. Glink Resources Limited is a company incorporated in Hong Kong with limited liability and is principally engaged in trading and investment business. The trading business mainly involves bulk commodity entrepot trade of metal products, whereas the investment business includes equity investment and debt investment. It is ultimately owned by Mr. Wang Peng. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, both Gfly Ltd. and Glink Resources Limited, and their respective ultimate beneficial owners are third parties independent of the Company and not connected persons (as defined in the GEM Listing Rules) of the Company.

The subscription price of HK\$0.4 per Subscription Share represents: (1) a premium of approximately 48.15% of the closing price of HK\$0.27 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 15 July 2022, being the date of the subscription agreements of the Subscriptions; and (2) a premium of approximately 45.45% to the closing price of HK\$0.275 per Share as quoted on the Stock Exchange on 15 July 2022, being the date of the subscription agreements of the Subscriptions.

The Directors were of the view that the Subscriptions were in the interests of the Company and its shareholders as a whole and the allotment and issue of the Subscription Shares was an appropriate mean of raising additional capital for the business operations of the Group and to further strengthen the Group’s financial position since it would provide the Company with immediate funding and the shareholders’ base of the Company would be broadened.

On 2 August 2022, 437,500,000 Subscription Shares and 150,000,000 Subscription Shares were issued and allotted to Gfly Ltd. and Glink Resources Limited respectively under the Subscriptions.

Please refer to the announcements of the Company dated 15 July 2022 and 2 August 2022 for details of the Subscriptions.

The gross proceeds from the Subscriptions amounted to approximately HK\$235 million, and the net proceeds arising from the Subscriptions, after deducting all relevant expenses incidental to the Subscriptions, amounted to approximately HK\$215 million. As disclosed in the Company's announcement dated 2 August 2022, the Company intended to apply the net proceeds in the following manner:

- (i) as to approximately HK\$27 million of the net proceeds from the Subscriptions towards existing business development (“Existing Business Development”);
- (ii) as to approximately HK\$105 million of the net proceeds towards business expansion and acquisition(s) regarding new media business of providing live-streaming e-commerce and digital marketing services (“Business Expansion and Acquisition(s)”); and
- (iii) as to approximately HK\$83 million of the net proceeds towards general working capital of the Group (“General Working Capital”).

Having considered the recent market changes and the financial position of the Group, the Directors further resolved to change the use of the net proceeds from the Subscriptions, being approximately HK\$215 million as follows: (i) as to approximately HK\$53.9 million for Existing Business Development and (ii) as to approximately HK\$161.1 million for General Working Capital. The further revised allocation of the net proceeds, the utilised and unutilised amounts of the net proceeds as at 31 March 2024 are set out below:

	Intended use of the net proceeds	Further revised allocation of the net proceeds	Utilised amount of the net proceeds as at 31 March 2024	Unutilised amount of the net proceeds as at 31 March 2024
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Existing Business Development	27.0	53.9	(53.9)	–
Business Expansion and Acquisition(s)	105.0	–	–	–
General Working Capital	83.0	161.1	(161.1)	–
	<u>215.0</u>	<u>215.0</u>	<u>(215.0)</u>	<u>–</u>

Having considered the recent market changes and the financial position of the Group, the Directors are of the view that it would be appropriate to re-allocate HK\$105.0 million which were originally allocated for Business Expansion and Acquisition(s) to Existing Business Development and General Working Capital since it could enhance the financial position and liquidity of the Group and meet the financial needs of the Group. The Directors considered the above change in the use of the net proceeds from the Subscriptions is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Outlook

The main focus of China's macro-economy in 2024 is "full recovery". In order to promote the full economic recovery, at the beginning of the year, a series of macro-economy policies aimed at stimulating economic growth to stabilise expectations, growth and employment have been launched. With the effective implementation of such policies, production demands rose stably with overall steady employment rate and prices as well as increased market confidence, demonstrating new achievements from high-quality development and a continuous and positive uptrend in the national economy.

The service industry accommodates the most jobs among all industries in China. The stabilization and improvement of the service industry marks enhanced market expectations.

Cross-industry or intra-industry integration is an irreversible trend of industrial change in the era of the new technological revolution and digital economy, and is also the inevitable path of modern industrial development and evolution. Digital technology is innovating the consumer scene, stimulating consumer vitality, profoundly changing consumer behaviour, and bringing innovative business models. Meanwhile, with the accumulative consumer demand released, emerging sectors of the service industry have shown active development. The Chinese government has issued a series of policies for the entertainment and media industry and its sub-sectors to promote the development of the industry, deepen the integration of new technologies with the industry, and create and expand new scenes of consumption through digital empowerment and the integration of business, tourism, culture, and sports. New e-commerce models such as live e-commerce, content e-commerce and social e-commerce have emerged, and products such as digital shopping malls, smart stores and membership stores that integrate offline entities with the digital economy have also achieved rapid penetration, providing multiple information acquisition and consumption channels for C-users.

As the Group's major clients are players from sectors such as finance and securities, telecommunication operators and Internet, they are expected to recover rapidly with the continued economic recovery and the gradual rise of new endogenous. However, we will still face some difficulties and challenges such as insufficient effective demand and increasingly complicated, severe and uncertain external environment. At the same

time, we also see that AI technology is undergoing rapid and profound evolution. The recognition of information as a new production factor is expanding, and the enterprise service industry we are involved in has significant opportunities for development within an intelligent cyberspace.

We will pay close attention to the impact of macro policies on clients' businesses, and maintain close communication with clients. We will take diversified measures to make active responses. Meanwhile, we will actively explore and seek new business opportunities in the financial industry and livestreaming e-commerce, actively grasp the good opportunities for business development, and effectively expand its business presence in China, to realise healthy growth, thereby enhancing shareholder value.

The Group keeps working hard and opening new territories in the back-office services field. In addition to the organic growth of orders from existing customers in the already penetrated industries due to the business growth of customers, new orders have been obtained in the operator service field and traditional financial field, and from new leading Internet companies, and the Group has started the implementation of new business in an organised manner. We will continuously promote its participation in project tendering, implementation, and construction of self-operated contact centres to provide personnel, sites, and other special supports for new orders to achieve revenue and profit contribution.

In terms of Internet marketing, the Group continues to expand its presence in the field of live e-commerce and digital marketing services, and gets fully integrated with its existing Internet marketing promotion capabilities and experience. In exploring the integration of quality and effectiveness, the Group has established the livestreaming service framework from goods selection to delivery and from store operation to livestreaming promotion in line with marketing trends. It will establish presence in the field of local lifestyle and cross-border e-commerce businesses while always striving to achieve the integration of quality and effectiveness. Furthermore, the Group has acquired several service clients. It is working on deeper integration of its established digital marketing service capabilities with the new consumption scenarios, creating a healthier ecology and enhancing its service capabilities to ensure that the Group will have more confidence and strength in weathering economic cycles and dealing with external impacts.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

The Company has applied the principles of good corporate governance set out in the Corporate Governance Code contained in Appendix C1 to the GEM Listing Rules (the "CG Code") throughout the Year.

The Board regularly monitors and reviews the Group's progress in respect of corporate governance practices to ensure compliance with the code provisions (the "Code Provisions") set out in the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The chairman of the Company (the "Chairman") is responsible for overseeing the function of the Board. Mr. QIU Xiaojian has been appointed as the Chairman since 6 March 2023.

The chief executive officer of the Company (the "CEO") is responsible to the Board for managing the business of the Group. During the period from 6 March 2023 to 6 November 2023, the office of the CEO was vacant and the executive Directors continued to oversee the day-to-day management of the business and operations of the Company and its subsidiaries. The balance of power and authority of the Board was adequately ensured under the arrangement and operations of the Board at that time, as the Board comprises experienced and high caliber individuals with a majority thereof being independent non-executive Directors. Since 7 November 2023, Mr. HU Shilong has been appointed as the CEO.

Save as disclosed above, the Company has complied with all the Code Provisions throughout the Year.

REVIEW OF RESULTS

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the Year.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

CANCELLATION OF THE POSITION OF COMPLIANCE OFFICER

After the amendments to the GEM Listing Rules which took effect from 1 January 2024, the Company is no longer required to appoint a compliance officer under the GEM Listing Rules. As such, the Board has resolved to cancel the position of compliance officer with effect from 26 June 2024.

By Order of the Board
Kingwisoft Technology Group Company Limited
金慧科技集團股份有限公司
QIU Xiaojian
Chairman

Hong Kong, 26 June 2024

As at the date of this announcement, the executive Directors are Mr. QIU Xiaojian (Chairman), Mr. LI Xiang, Mr. HU Shilong, Ms. ZHOU Fang, Ms. LIU Xiaochen, Mr. XU Gang and Mr. WANG Rui; and the independent non-executive Directors are Mr. Stephen MARKSCHEID, Mr. ZHANG Weidong, Mr. ZENG Liang and Mr. WANG Li.

This announcement will remain on the “Latest Listed Company Information” page of the website of GEM at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.kwtech-group.com.